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October 3, 2005

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Re: Regulation E; Docket No. R-1234

Dear Ms. Johnson:

California Bankers Association ("CBA") is a nonprofit mutual benefit organization established in 1891 representing depository financial institutions in the state of California. CBA is pleased to submit this letter to support the Board's proposal to amend Regulation E and accompanying official staff commentary regarding ATM signage disclosing charges.

As the Board accurately notes, ATM operators that impose charges do not necessarily impose charges on all consumers. Exceptions are commonly created for cardholders whose cards are issued by the ATM operator or an affiliate, for cardholders whose cards are issued by government entities for the purpose of disbursing benefits, or pursuant to contractual relationships between the operator and the issuer of the card. Also, as shown recently with the hurricanes in the Southeast, exceptions are created in special circumstances.

The proposal recognizes that the outside signage requirement under Section 205.16(c)(1) is intended to allow consumers to identify immediately an ATM that generally charges a fee for use, rather than to disclose each circumstance in which a charge is imposed, the amount of the charge, and each exception to a charge. Because this disclosure is provided in a form of a sign placed at the ATM, any attempt to provide a more comprehensive disclosure would not only be complex and therefore not helpful to the consumer, but also costly for the ATM operator to maintain and update. The more detailed disclosure required under Section 205.16(c)(2) serves the purpose of informing the consumer of the amount of the fee charged for the specific transaction made.

Ms. Johnson, Federal Reserve Board

October 3, 2005

Page 2

CBA acknowledges the concern expressed by consumer groups that a “may” be imposed sign is too general to be useful. In truth, with regard to an ATM in which a fee may be imposed on some but not all users, neither a “will” be imposed nor a “may” be imposed standard is ideal. The first is misleading because it is simply not true, and the latter is true but is not comprehensive. We believe the Board correctly determined that it is inappropriate to require ATM operators to post a misleading sign, and is correct to adopt a rule permitting the posting of a truthful sign. Comprehensiveness is achieved with the Section 205.16(c)(2) notice, and together with the proposed “may” be imposed notice, the revised two-step regulatory scheme affords all consumers with sufficient information that is both accurate and complete.

For the foregoing reasons, CBA strongly supports the Board’s proposal, and is appreciative of its efforts to make the signage requirement more helpful to consumers and usable for ATM operators. If you have any questions, please contact the undersigned.

Leland Chan

A handwritten signature in black ink, appearing to read 'Leland Chan', with a stylized, cursive script.

General Counsel